

# Corporate Japan's use of the SASB Standards to prepare for the SSBJ Standards: Status and challenges

A survey on the use of the SASB Standards and related disclosures among TOPIX 100 companies in Japan



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# Foreword



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In March 2025, the Sustainability Standards Board of Japan (SSBJ) released Japan's inaugural Sustainability Disclosure Standards (the SSBJ Standards). These consist of three components: Universal Sustainability Disclosure Standard, Application of the Sustainability Disclosure Standards; Theme-based Sustainability Disclosure Standard No. 1, General Disclosures; and Theme-based Sustainability Disclosure Standard No. 2, Climate-related Disclosures. For the preparation of sustainability-related financial disclosures, the SSBJ Standards call for the identification of sustainability-related risks and opportunities that could reasonably be expected to affect a company's prospects. As for the information sources for those disclosures, in addition to applying the SSBJ Standards, it is also necessary to refer to the disclosure topics in the SASB Standards (or the SASB Industry Standards) and consider their applicability. As disclosure standards for non-climate-related topics have not yet been released, the role of the SASB Standards in identifying risks and opportunities relating to other topics, such as human capital and social capital, can be considered more significant than ever before. The SSBJ Standards also call for the disclosure of material risks and opportunities, as well as information to understand governance and corporate strategies to ensure their management and oversight. It is necessary not only for companies to refer to the SASB Standards to identify and disclose metrics that apply to them, but also for users of the standards to consider the content of disclosure in the context of each company. We hope this survey's findings will help Japanese companies recognise areas where practices are lacking and provide guidance for improvement.



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Since the SSBJ Standards were released in March 2025, many Japanese companies have reached out to us about how to respond. While there are many commonalities between the voluntary disclosures practiced for over 20 years and the mandatory disclosures now under consideration, the latter are expected to bring about a major transformation. Specifically, we can expect to see further improvements in the comparability and reliability of sustainability information. For companies, sustainability issues represent material business risks and opportunities for medium- to long-term growth, and these vary significantly by industry. At the same time, the processes used to identify such risks and opportunities—commonly referred to as materiality assessments—currently differ considerably across companies. To ensure comparability, the SSBJ Standards require companies, in the process of identifying risks and opportunities, to refer to and consider the applicability of the disclosure topics set out in the SASB Standards for their respective industries. In other words, the industry-specific disclosure topics in the SASB Standards are intended to serve as the foundation for companies in identifying medium- to long-term business risks and opportunities. For several years, we have conducted an annual survey of TOPIX 100 companies to assess the extent to which they meet the disclosure requirements of the SASB Standards. The goal is to gain insight into the current state of sustainability disclosure in Japan and the challenges companies face. According to this year's survey, many Japanese companies view the industry-specific disclosure topics set out in the SASB Standards as material, but their disclosure of metrics showing progress on these issues still has significant room for improvement. As the disclosure of sustainability information becomes increasingly important globally, we hope that the results of this survey will help to further improve sustainability reporting in the future.

# About this report

## Importance of the SASB Standards

In June 2023, the International Sustainability Standards Board (ISSB) of the IFRS Foundation issued its first two standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

In March 2025, the SSBJ issued three standards (the SSBJ Standards)—Application of the Sustainability Disclosure Standards, General Disclosures and Climate-related Disclosures—which are aligned with the IFRS Sustainability Disclosure Standards.

Consistent with the IFRS Sustainability Disclosure Standards, the SSBJ Standards require entities to refer to the SASB Standards and consider their applicability as a source of guidance. Specifically, when identifying sustainability-related risks and opportunities and when determining material information about them, entities must refer to the SASB Standards’ disclosure topics and metrics and consider their applicability.

## Purpose of this survey

This survey aims to shed light on the current state of sustainability disclosures by Japanese companies and the challenges they face by examining the extent to which disclosures by TOPIX 100 companies align with the SASB Standards. Because some TOPIX 100 companies may not reference the SASB Standards at all, the findings should be understood as reflecting corporate sustainability disclosure practices viewed through the lens of the SASB Standards.

The SASB Standards serve as a key reference in preparing disclosures under the IFRS Sustainability Disclosure Standards and the SSBJ Standards. Evaluating how companies align with the SASB Standards also helps to gauge their alignment with IFRS, SSBJ and other related standards.

The survey findings highlight both the areas where Japanese companies are currently responding well to the SASB Standards and the areas where further improvement is needed. In doing so, the findings provide useful information to support Japanese companies and investors in further adapting to sustainability disclosure standards.

## Survey method

We examined publicly available information from TOPIX 100 companies and compared it to the SASB Standards to identify current disclosure practices and related challenges. The survey drew not only on the SASB Content Indexes published by companies but also other sources, including their sustainability reports, integrated reports and websites. The analysis covers both the overall use of the SASB Standards (Section 1: Use of the SASB Standards) and the use of SASB disclosure topics and metrics (Section 2: Materiality and metrics), and includes comparisons with last year’s findings.

This year’s survey also targeted general issue categories that include disclosure topics and metrics not yet widely applied by TOPIX 100 companies. In addition, we extended the survey to companies outside of Japan. Section 3 (Use of the SASB Standards to align with the SSBJ Standards) reports on how these companies are utilising the SASB Standards.

1. Use of the SASB Standards	<ul style="list-style-type: none"><li>• Are the SASB Standards being used? If they are, how?</li><li>• Does use differ by sector, industry etc.?</li></ul>
2. Materiality and metrics	<ul style="list-style-type: none"><li>• To what extent do the material issues identified by each company’s materiality assessment include the SASB Standards’ industry-specific disclosure topics?</li><li>• For which metrics and disclosure topics does each company lead in terms of utilisation (or disclosure)? In which ones are they lagging?</li></ul>
3. Use of the SASB Standards to align with the SSBJ Standards	<ul style="list-style-type: none"><li>• How can Japanese companies utilise the disclosure topics and metrics in the issue categories identified in Section 2 as having significant scope for applying the SASB Standards? What are the challenges in utilisation?</li></ul>



Breakdown by sector and industry



Breakdown by dimension and disclosure topic (general issue category)

# Overview of the SASB Standards

## Components of the SASB Standards

The examination of disclosure practices with respect to the SASB Standards was based on the following main components. For more details on the SASB Standards, please refer to the IFRS Foundation's official website (<https://sasb.ifrs.org/>).

SASB Standards	The SASB Standards identify the sustainability-related environmental, social and governance issues most relevant to financial performance in each industry. They are designed to help companies disclose financially material sustainability information to investors and are applied across a wide range of industries.
Sectors and industries	The SASB Standards cover 77 industries across 11 sectors, setting out disclosure metrics for sustainability issues that are financially material to each industry. The TOPIX 100 spans 10 sectors and 34 industries, which form the scope of this survey. For the companies surveyed this year, there have been no changes in SASB industry classifications since last year's survey, except for companies newly added through the rebalancing of TOPIX 100 constituents.
Dimensions, categories and topics	The SASB Standards cover a broad range of sustainability issues, organised into five dimensions and 26 general issue categories. Industry-specific disclosure topics are mapped to these issue categories. The TOPIX 100 companies surveyed covered all 26 categories.
Metrics and technical protocols	Each industry-specific disclosure topic includes multiple metrics that call for either quantitative data or qualitative discussion. For each metric, the industry standards provide detailed technical protocols as disclosure guidance.
SASB Content Indexes	SASB Content Indexes are tables that show which metrics of the relevant SASB Standards a company discloses.



## Sectors and industries included in this survey (34/77 Industry Standards)

Sectors	Industries
Consumer Goods	• Apparel, Accessories & Footwear • Toys & Sporting Goods • Household & Personal Products • Multiline and Specialty Retailers & Distributors
Extractives & Minerals Processing	• Iron & Steel Producers • Metals & Mining • Oil & Gas - Refining & Marketing
Financials	• Commercial Banks • Investment Banking & Brokerage • Insurance • Security & Commodity Exchanges
Food & Beverage	• Alcoholic Beverages • Food Retailers & Distributors • Processed Foods • Tobacco
Health Care	• Biotechnology & Pharmaceuticals • Medical Equipment & Supplies
Infrastructure	• Home Builders • Real Estate
Resource Transformation	• Chemicals • Electrical & Electronic Equipment • Industrial Machinery & Goods
Services	• Professional & Commercial Services • Leisure Facilities
Technology & Communications	• Hardware • Internet Media & Services • Semiconductors • Software & IT Services • Telecommunication Services
Transportation	• Airlines • Auto Parts • Automobiles • Marine Transportation • Rail Transportation
Renewable Resources & Alternative Energy	—

## Dimensions, general issue categories, disclosure topics and metrics in the SASB Standards

The SASB Standards include 26 general issue categories across five dimensions that are common to all industries.

Dimension	General issue category	
Environment	<ul style="list-style-type: none"> <li>Greenhouse Gas Emissions</li> <li>Air Quality</li> <li>Energy Management</li> </ul>	<ul style="list-style-type: none"> <li>Water &amp; Wastewater Management</li> <li>Waste &amp; Hazardous Materials Management</li> <li>Ecological Impacts</li> </ul>
Social Capital	<ul style="list-style-type: none"> <li>Human Rights &amp; Community Relations</li> <li>Customer Privacy</li> <li>Data Security</li> <li>Access &amp; Affordability</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality &amp; Safety</li> <li>Customer Welfare</li> <li>Selling Practices &amp; Product Labeling</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>Labor Practices</li> <li>Employee Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee Engagement, Diversity &amp; Inclusion</li> </ul>
Business Model & Innovation	<ul style="list-style-type: none"> <li>Product Design &amp; Lifecycle Management</li> <li>Business Model Resilience</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Materials Sourcing &amp; Efficiency</li> <li>Physical Impacts of Climate Change</li> </ul>
Leadership & Governance	<ul style="list-style-type: none"> <li>Business Ethics</li> <li>Competitive Behavior</li> <li>Management of the Legal &amp; Regulatory Environment</li> </ul>	<ul style="list-style-type: none"> <li>Critical Incident Risk Management</li> <li>Systemic Risk Management</li> </ul>

Disclosure topics represent industry-specific issues that are mapped to the general issue categories. For example, in the Apparel, Accessories & Footwear industry, three general issue categories fall within two dimensions—Social Capital and Business Model & Innovation—with four disclosure topics and nine associated metrics (metric descriptions have been simplified for illustration):

(Example) Apparel, Accessories & Footwear industry

Dimension	General issue categories	Disclosure topic	Metrics
Social Capital	<ul style="list-style-type: none"> <li>Human Rights &amp; Community Relations</li> <li>Customer Privacy</li> <li>Data Security</li> <li>Access &amp; Affordability</li> <li>Product Quality &amp; Safety</li> <li>Customer Welfare</li> <li>Selling Practices &amp; Product Labeling</li> </ul>	Management of Chemicals in Products	<ul style="list-style-type: none"> <li>Description of processes for complying with regulations on chemicals</li> <li>Description of processes for assessing and managing chemical risks and hazards</li> </ul>
		Environmental Impacts in the Supply Chain	<ul style="list-style-type: none"> <li>Percentage of facilities with wastewater permits or contractual agreements</li> <li>Percentage of environmental data assessments completed</li> </ul>
		Labour Conditions in the Supply Chain	<ul style="list-style-type: none"> <li>Percentage of labour standards audits conducted and percentage performed by third parties</li> <li>Rates of priority non-compliance and corrective action in labour standards audits</li> <li>Description of key labour risks and environmental, health and safety risks</li> </ul>
Business Model & Innovation	<ul style="list-style-type: none"> <li>Product Design &amp; Lifecycle Management</li> <li>Business Model Resilience</li> <li>Supply Chain Management</li> <li>Materials Sourcing &amp; Efficiency</li> <li>Physical Impacts of Climate Change</li> </ul>	Raw Materials Sourcing	<ul style="list-style-type: none"> <li>List of critical raw materials, environmental and social factors that may threaten procurement, discussion of business risks and opportunities, and description of strategies</li> <li>Volume of critical raw materials prioritised in procurement and percentage certified by third parties</li> </ul>



## What does a SASB Content Index look like?

When disclosing information based on the SASB Standards, many companies use a SASB Content Index—a table that shows how each metric is addressed, either through direct disclosure or by providing links to relevant information.

SASB content index			
Topic	Code	Metric	Response
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emission –limiting regulations	-
	RT-CH-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	-
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	-
...	...	...	-

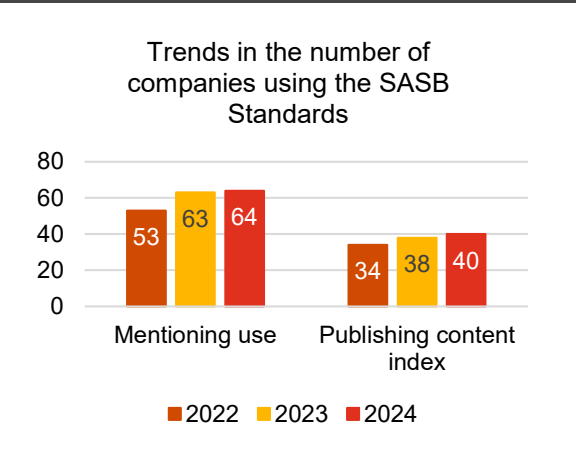


# Key findings

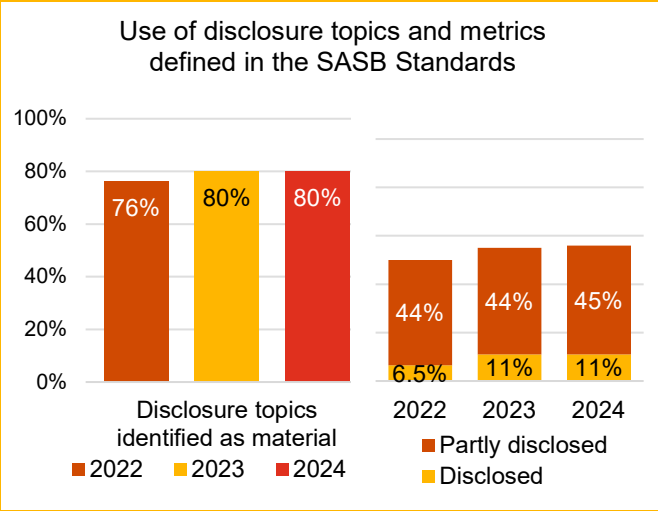
## Gradual increase in companies using the SASB Standards amidst discussion of phased mandatory application of the SSBJ Standards (Section 1)

In 2024, 64 companies disclosed use of the SASB Standards, of which 40 published a SASB Content Index. While some companies may in practice be using the SASB Standards without disclosing this, the pace of increase in both the rate of use and the number of companies publishing a Content Index slowed during the 2023–2024 period compared with the previous year.

In Japan, phased mandatory application of the SSBJ Standards is under consideration to begin with the fiscal year ending March 2027. As a result, most TOPIX 100 companies are expected to need to use the SASB Standards. The SSBJ Standards stipulate that entities must refer to the SASB Standards and consider their applicability as a source of guidance. The survey findings suggest that further application of the SASB Standards will be an important challenge for companies as they prepare to comply with strengthened regulatory requirements.



## Disclosure topics and metrics show stable use with further room for improvement in specific issue categories (Section 2)



Eighty percent of the disclosure topics defined by the SASB Standards were identified by TOPIX 100 companies as material issues in their materiality assessments. In 2024, the material issues identified by companies continued to align closely with disclosure topics; however, the survey also found that disclosure topics not identified as material were concentrated in certain general issue categories.

Looking at disclosures of metrics under the SASB Standards, 11% were fully disclosed by the companies surveyed and 45% were partially disclosed. The latter increased by one percentage point from 2023, while the percentage of fully disclosed metrics remained unchanged. At the same time, insufficient or partial disclosure was concentrated in certain issue categories.

## Approaches to utilising the SASB Standards in anticipation of mandatory application of the SSBJ Standards (Section 3)

We examined Japanese companies' approaches to utilising the SASB Standards in preparation for the anticipated mandatory application of the SSBJ Standards. In Section 1, we confirmed that the pace of increase in the use of the SASB Standards has slowed. In Section 2, we found that although 80% of the SASB disclosure topics were identified by companies as material issues, the SASB Standards were not being sufficiently applied in certain issue categories. Based on these findings, we identified issues and summarised possible utilisation approaches for six categories, including Product Design & Lifecycle Management and Product Quality & Safety. We believe that the use of the SASB Standards will support companies in adapting to regulatory requirements and in strengthening their sustainability disclosures.

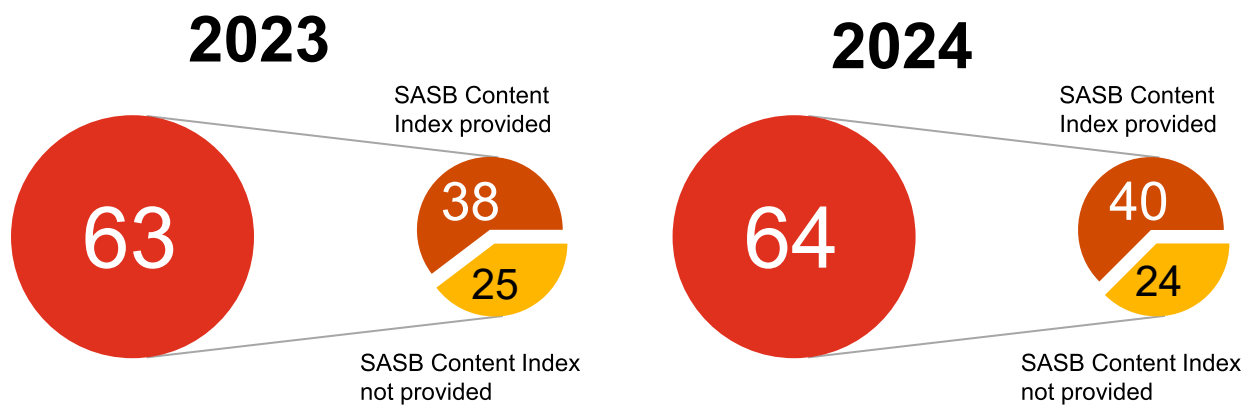


# 1. Use of the SASB Standards

## Use of the SASB Standards

- Companies use the SASB Standards in various ways. Examples include referencing them as guidance in sustainability disclosures, referring to them as an information source in materiality assessments or disclosing key metrics through a SASB Content Index to demonstrate application of the Standards.
- A total of 64 companies use the SASB Standards in some form, of which 40 have published a SASB Content Index. This shows that many companies are already using the Standards. Compared with last year’s survey results, the number of companies using the SASB Standards increased by one, and the number publishing a SASB Content Index increased by two.
- According to the SASB Standards Application Guidance, ‘when reporting using a SASB standard, an entity shall cite the relevant SASB standard in order to be in conformance with the standard.’ Demonstrating this alignment—for example, through a SASB Content Index—is considered important when applying the SASB Standards.

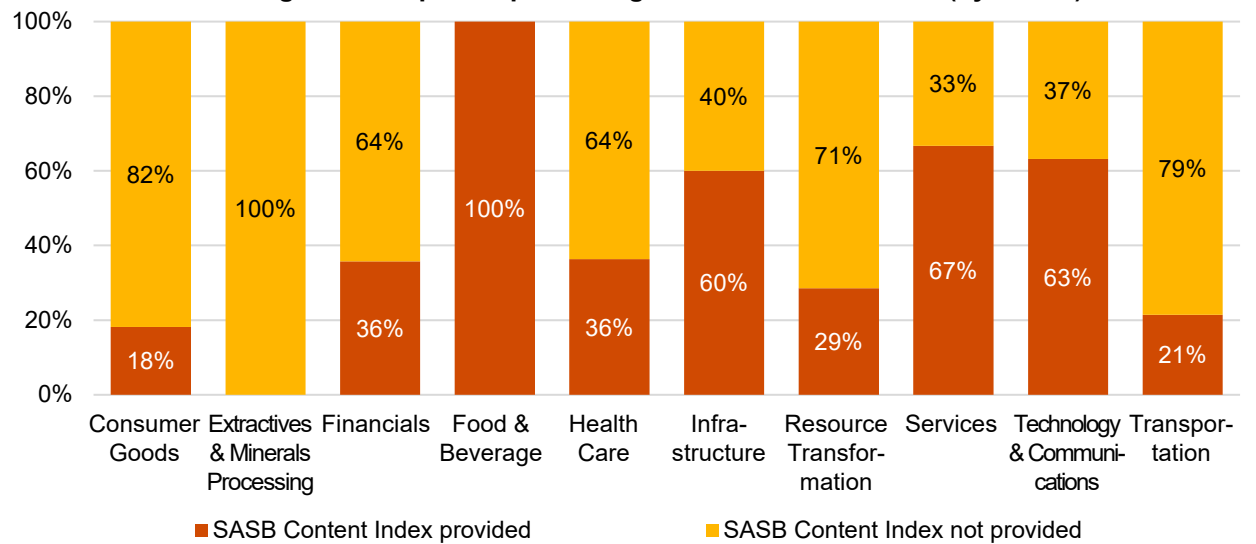
Number of companies using the SASB Standards with a breakdown based on SASB Content Index publication



## Publication of SASB Content Indexes

- The 40 companies that have published a SASB Content Index are spread across all sectors except the Extractives & Minerals Processing sector. This indicates that SASB Content Indexes are being published across a wide range of sectors.

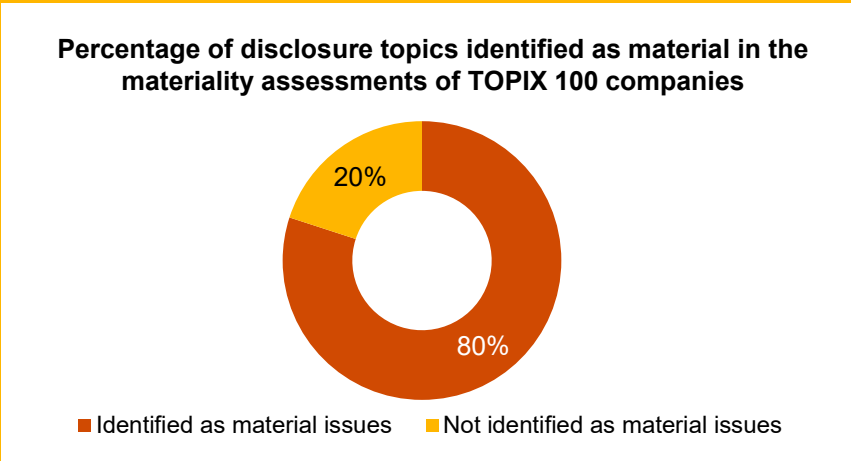
Percentages of companies publishing SASB Content Indexes (by sector)



# 2. Materiality and metrics

## Alignment between material issues and disclosure topics

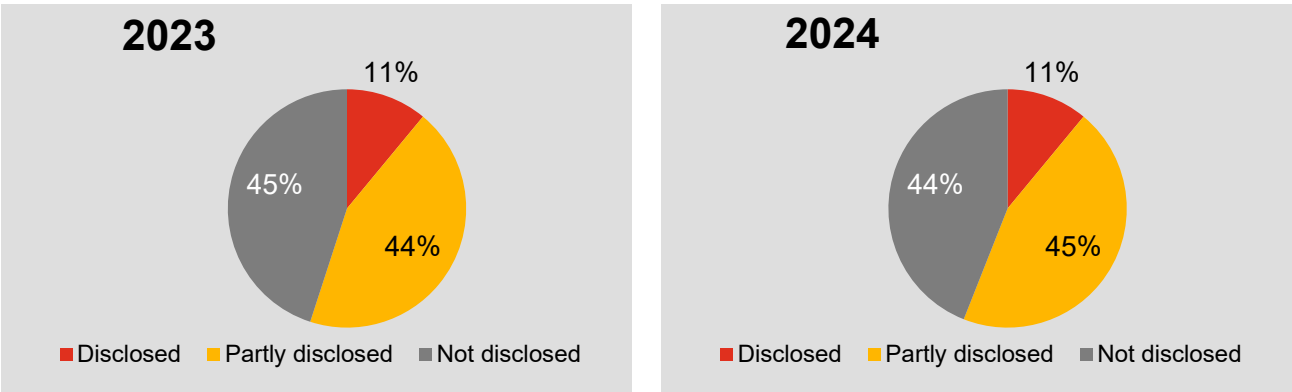
- This survey examined the extent to which the material sustainability issues identified in the materiality assessments of TOPIX 100 companies align with the industry-specific disclosure topics defined in the SASB Standards.
- The results show that 80% of the industry-specific disclosure topics as defined in the SASB Standards were identified as material issues in the materiality assessments of TOPIX 100 companies. This represents no change from last year's survey results.



## Use of metrics

- We examined the extent to which material sustainability metrics defined in the SASB Standards are disclosed by TOPIX 100 companies. While the number varies by industry, the SASB Standards define approximately 10 to 20 metrics per industry. In this year's survey, a total of 1,307 metrics were applicable across the TOPIX 100 companies.
- We compared this year's results with last year's in terms of metrics that were fully disclosed, partially disclosed or not disclosed at all. The percentage of partially disclosed metrics rose by one point to 45%, while the percentage of fully disclosed metrics remained unchanged at 11%.

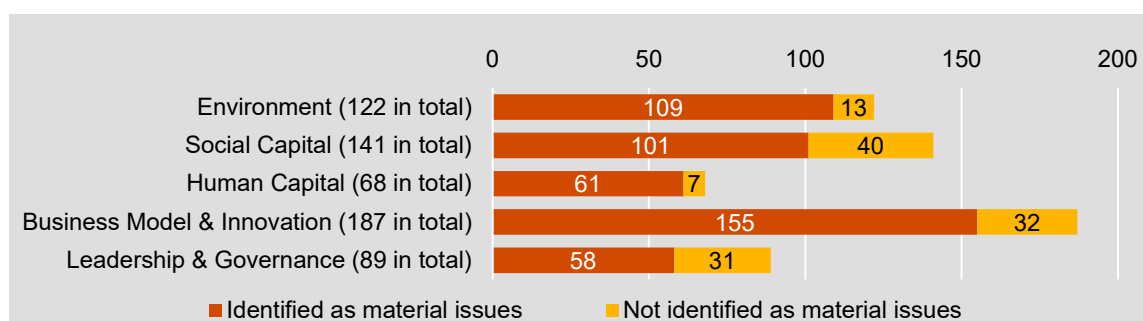
Percentages of metrics disclosed



## Trends in corporate materiality assessments

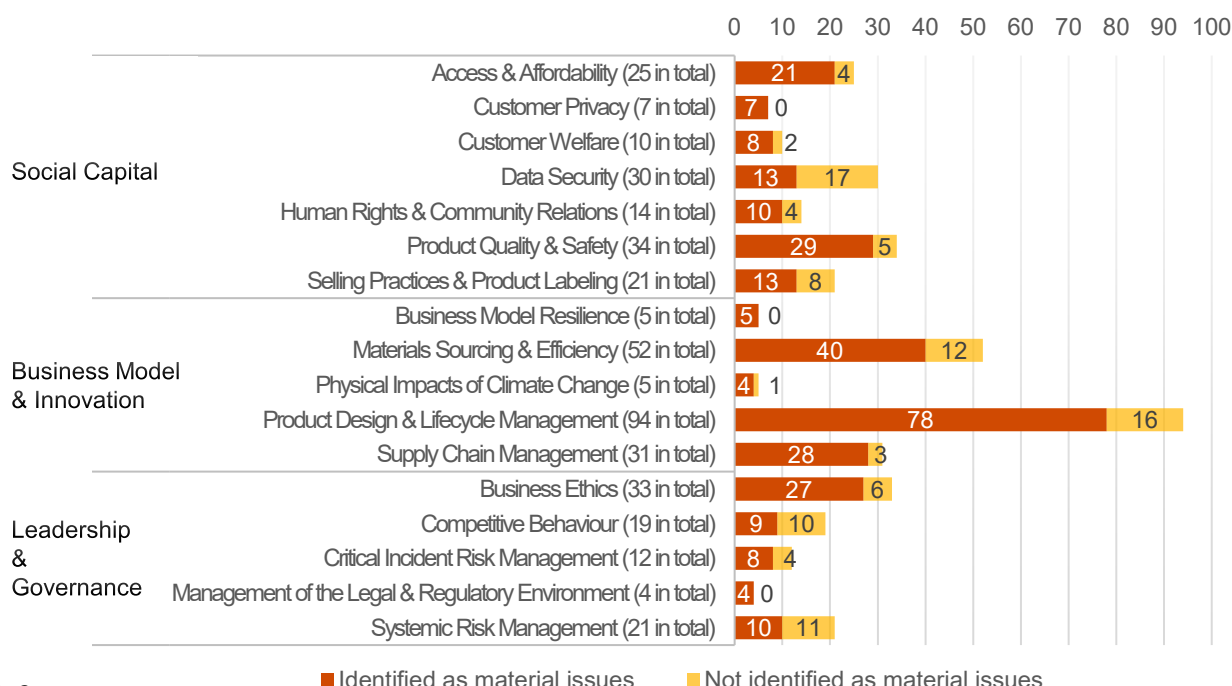
- In the materiality assessments of TOPIX 100 companies, the industry-specific disclosure topics that were identified as material (80% of all topics) were classified into the five dimensions of the SASB Standards: Environment, Social Capital, Human Capital, Business Model & Innovation and Leadership & Governance.
- Among the five dimensions, disclosure topics relating to Environment and Human Capital were more frequently identified as material. By contrast, a number of disclosure topics relating to Social Capital, Business Model & Innovation and Leadership & Governance were not identified as material.

**Number of disclosure topics identified as material  
(aggregated by dimension to which the disclosure topics belong)**



- To identify any trends among disclosure topics not identified as material in Social Capital, Business Model & Innovation and Leadership & Governance, we further analysed the data at the level of the general issue categories to which the topics belong.
- In Social Capital, disclosure topics not identified as material were concentrated in Data Security. In Business Model & Innovation, they were concentrated in Product Design & Lifecycle Management and Materials Sourcing & Efficiency. No notable differences were observed across the general issue categories within Leadership & Governance.

**Number of disclosure topics identified as material  
(aggregated by issue category to which the disclosure topics belong)**

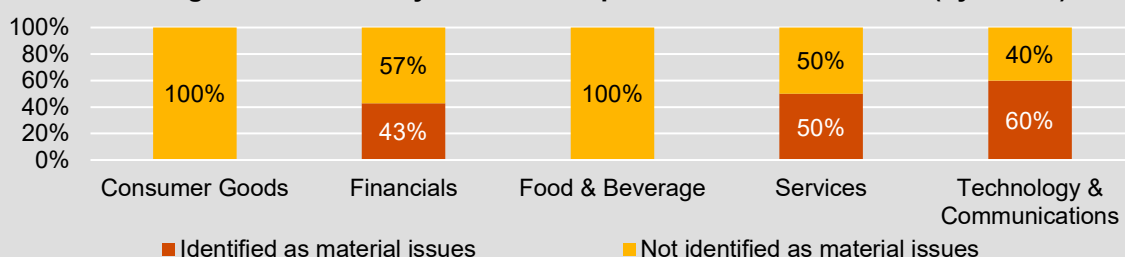


## Disclosure topics not identified as material

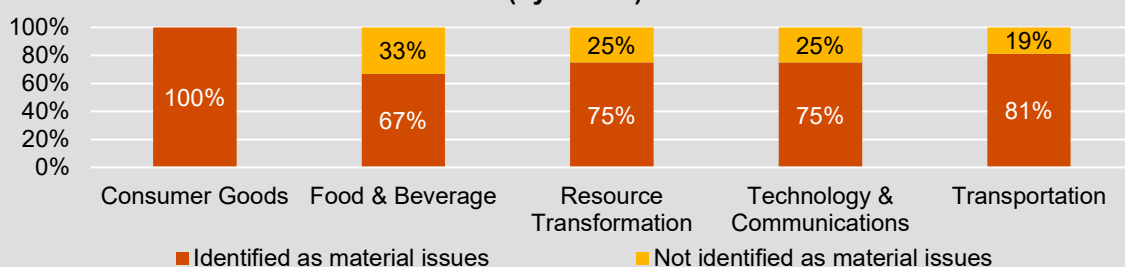
- We found a number of disclosure topics not identified as material in Data Security, Product Design & Lifecycle Management and Materials Sourcing & Efficiency.
- It may be that topics not identified as material are not being perceived by companies as risks and opportunities with potential financial impacts.
- However, as shown in the graphs below, more than half of the disclosure topics within the general issue categories Data Security, Product Design & Lifecycle Management and Materials Sourcing & Efficiency were identified as material by companies in most sectors, with certain exceptions (\*1).
- Therefore, even where companies have not identified disclosure topics in these categories as material, we recommend that they re-examine the potential financial impacts of related risks and opportunities and reconsider whether these topics should be treated as material.

\*1 Data Security in the Consumer Goods, Financials, and Food & Beverage sectors, and Product Design & Lifecycle Management in the Extractives & Minerals Processing sector

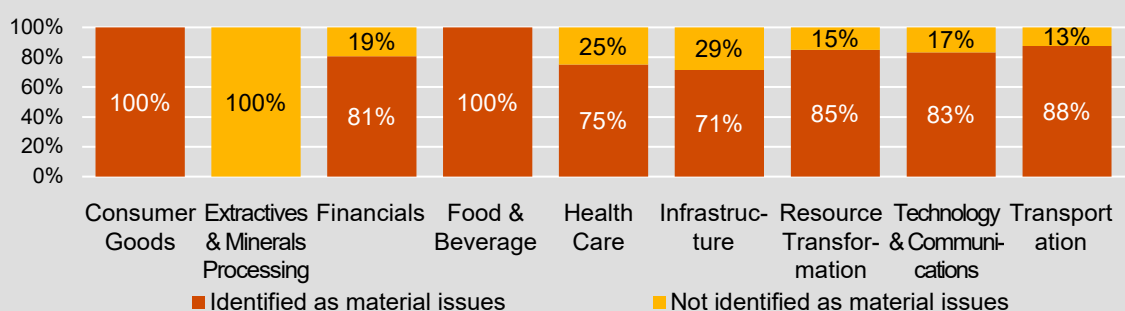
**Percentage of Data Security disclosure topics identified as material (by sector)**



**Percentage of Materials Sourcing & Efficiency disclosure topics identified as material (by sector)**



**Percentage of Product Design & Lifecycle Management disclosure topics identified as material (by sector)**

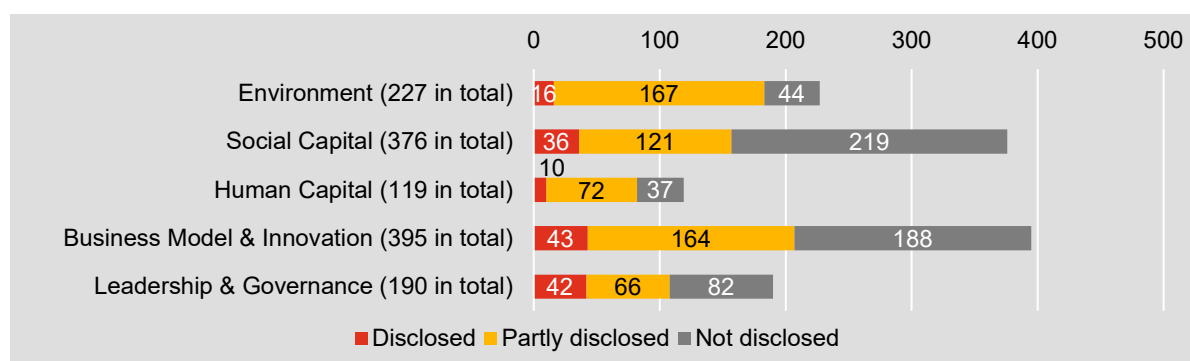


Note: Percentages are rounded, so the numbers may not total 100%.

## Trends in companies' use of metrics

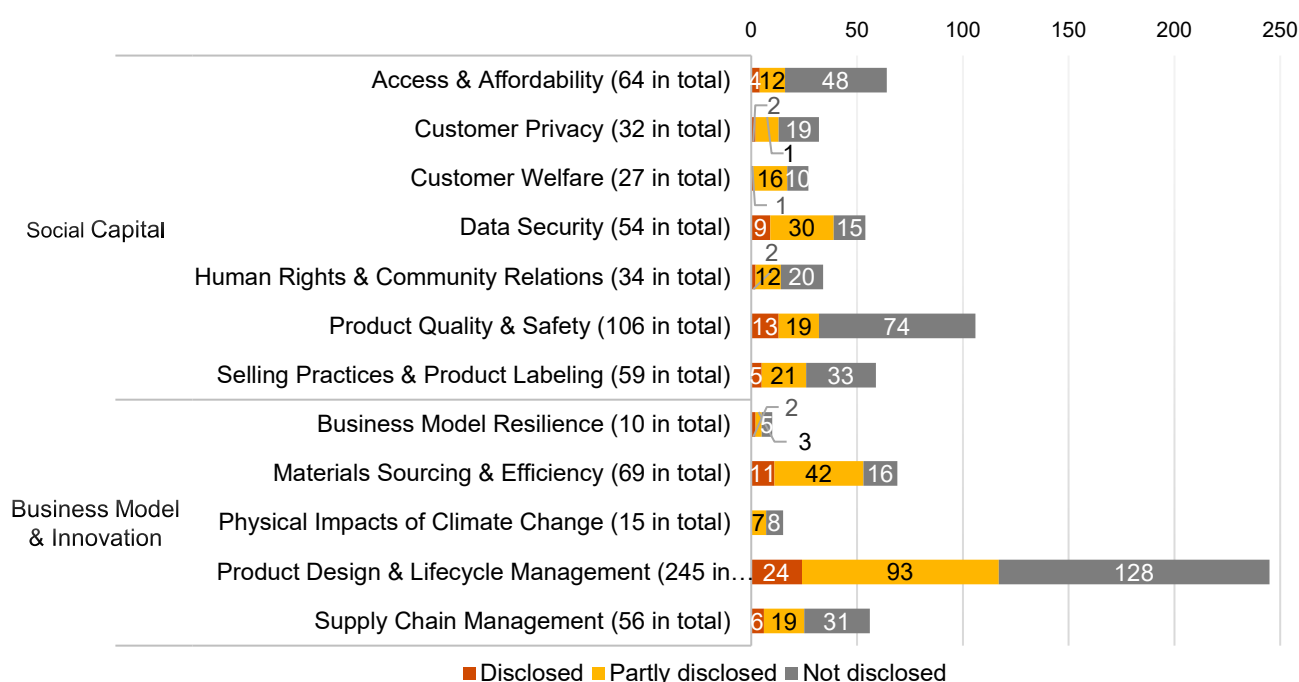
- We aggregated the disclosure status of SASB Standards metrics by the dimension of the industry-specific disclosure topics to which the metrics belong and analysed trends in the use of metrics by TOPIX 100 companies.
- Looking across the five dimensions, metrics related to Social Capital and Business Model & Innovation had the highest proportions of being 'partially disclosed' or 'not disclosed', indicating the greatest potential for further use of these metrics.

**Number of metrics by disclosure status**  
(aggregated by dimension to which the disclosure topics belong)



- To examine these dimensions with the greatest potential for improvement—Social Capital and Business Model & Innovation—we further aggregated the data at the level of general issue category. In Social Capital, the categories Access & Affordability and Product Quality & Safety had the highest numbers of metrics classified as 'partially disclosed' or 'not disclosed'. In Business Model & Innovation, the same was true for the category Product Design & Lifecycle Management. These categories therefore represent the greatest potential for further use of metrics, and this trend has remained unchanged over the past two years.

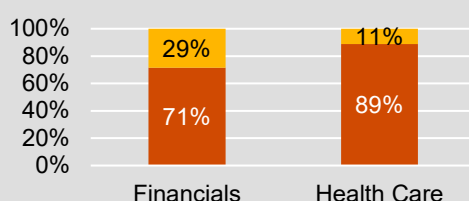
**Number of metrics by disclosure status**  
(aggregated by the dimension to which the disclosure topics belong)



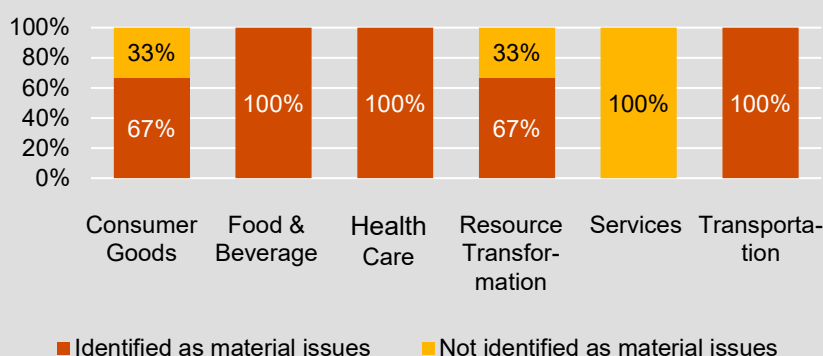
## Underutilised metrics

- In Social Capital, the general issue categories Access & Affordability and Product Quality & Safety, as well as in Business Model & Innovation, the category Product Design & Lifecycle Management, contained the highest numbers of metrics classified as 'partially disclosed' or 'not disclosed'. These categories therefore represent the greatest potential for further utilisation of metrics.
- More than half of the disclosure topics in Product Design & Lifecycle Management were identified as material by companies in most sectors, with certain exceptions (\*2), as already noted (\*3).
- As shown in the graphs below, more than half of the disclosure topics in the categories Access & Affordability and Product Quality & Safety were also identified as material by companies in most sectors, again with certain exceptions (\*4).

**Percentage of disclosure topics in Access & Affordability identified as material (by sector)**



**Percentage of disclosure topics in Product Quality & Safety identified as material (by sector)**



- Where companies have identified disclosure topics in Access & Affordability, Product Quality & Safety and Product Design & Lifecycle Management as material, they are encouraged to reconsider whether underutilised metrics in these categories might provide important information on risks and opportunities with potential financial impacts—beyond the metrics already in use.

\*2 Product Design & Lifecycle Management in the Extractives & Minerals Processing sector

\*3 See p.12, Percentage of disclosure topics in Product Design & Lifecycle Management identified as material (by sector)

\*4 Product Quality & Safety in the Services sector

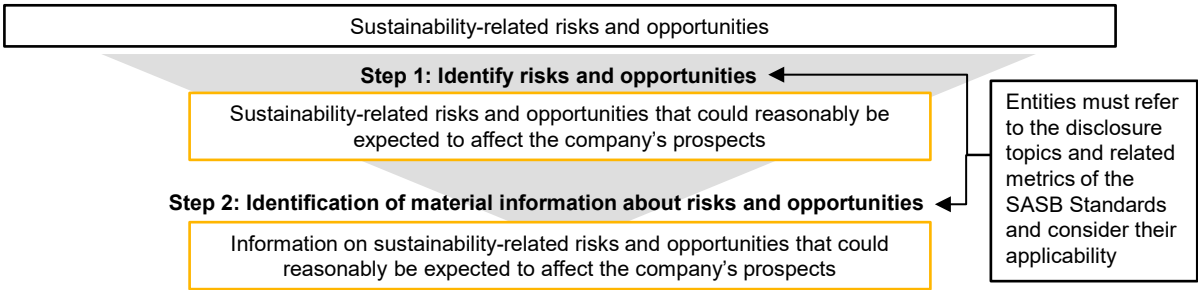


# 3. Use of the SASB Standards to align with the SSBJ Standards

## Use of the SASB Standards and their role in responding to the SSBJ Standards

- In Section 1, we confirmed that the pace of increase in the use of the SASB Standards has slowed. In Section 2, we found that although 80% of disclosure topics were identified as material, the SASB Standards were not being sufficiently applied in certain issue categories. In this section, we analyse the role of the SASB Standards and how companies can make more concrete use of them as they look ahead to compliance with the SSBJ Standards.
- The SSBJ Standards require companies to consistently disclose how they manage sustainability-related risks and opportunities and integrate them into governance, strategy, risk management, and metrics and targets (\*5). Companies must systematically disclose how these risks and opportunities affect their business models and strategies and how they may influence future cash flows and enterprise value (\*6). In addition, the SSBJ Standards require consistency with other financial filings (\*7), and where risks are concentrated in a specific part of the value chain, companies must identify their location and magnitude (\*8).
- With phased mandatory application of the SSBJ Standards under consideration, beginning with fiscal years ending March 2027, companies are treating preparedness for these Standards as an urgent issue. The SSBJ Standards stipulate that, in identifying sustainability-related risks and opportunities and related material information, entities must refer to the disclosure topics and related metrics of the SASB Standards and consider their applicability (\*9). Because the SASB Standards provide systematic explanations of disclosure topics and guidance on metric disclosure, their use will be particularly valuable in meeting the requirements of the SSBJ Standards.

### Steps for disclosing sustainability-related risks and opportunities under the SSBJ Standards



## Five categories with significant potential for further use

- The five issue categories identified in Section 2 (shown on the right) highlight opportunities for TOPIX 100 companies to make greater use of the SASB Standards. Many companies already regard the disclosure topics in these categories as material; however, it remains a challenge for more companies to recognise their importance and use the related metrics in practice.

Categories with a large number of disclosure topics not identified as material	Product Design & Lifecycle Management	Materials Sourcing & Efficiency	Data Security
		Product Quality & Safety	Access & Affordability
Categories with a large number of metrics only partially disclosed			

■ Business Model & Innovation-related      ■ Social Capital-related

## Human Capital categories with significant potential for further use

- In addition to the five categories above, we have also added the issue category Employee Engagement, Diversity & Inclusion as having high potential for further use of the SASB Standards. Many of its metrics remain only partially disclosed or undisclosed (see the graph on the next page), despite the mandatory reporting of related metrics in Annual Securities Reports in Japan.

\*5 SSBJ Universal Sustainability Disclosure Standard, Application of the Sustainability Disclosure Standards, paragraph 29

\*6 SSBJ Theme-based Sustainability Disclosure Standard No. 1, General Disclosures, paragraphs 16–17

\*7 SSBJ Universal Sustainability Disclosure Standard, Application of the Sustainability Disclosure Standards, paragraphs 24, 29

\*8 SSBJ Theme-based Sustainability Disclosure Standard No. 1, General Disclosures, paragraph 15

\*9 SSBJ Universal Sustainability Disclosure Standard, Application of the Sustainability Disclosure Standards, paragraphs 41, 52

### Methodology

#### Additional research and analysis of challenges for underutilised metrics

- From the metrics in the general issue categories identified as having the greatest potential for further use, we focused on those where the majority of categories were classified as 'not disclosed' or 'partially disclosed' and then conducted further research to analyse challenges in using the SASB Standards. This included examining conformity at the level of the SASB Standards technical protocols as well as reviewing the practices of major European companies.
- European companies were selected based on inclusion in the STOXX All Europe 100. Europe was chosen due to its greater progress in regulatory disclosures, with many companies providing a higher quantity and quality of sustainability disclosures. We selected the three largest companies by market capitalisation in each of seven industries, including Commercial Banks, Insurance and Automobiles; in Medical Equipment & Supplies, only two companies were included in the STOXX All Europe 100, so both were selected.

#### Aggregation of common factors across multiple industries

- We aggregated and organised metrics that can be applied across multiple industries, as well as common approaches to disclosure. This provides examples and perspectives that companies across industries can refer to. While some metrics appear only in certain industry standards, their disclosure approach and content can, where possible, serve as a reference in other industries as well.

#### Structure of this section

- To make it easier to grasp both the overall picture and specific examples, this section is organised by general issue category. The disclosure topics and metrics covered are illustrative examples; companies should determine their relevance in light of their own circumstances.

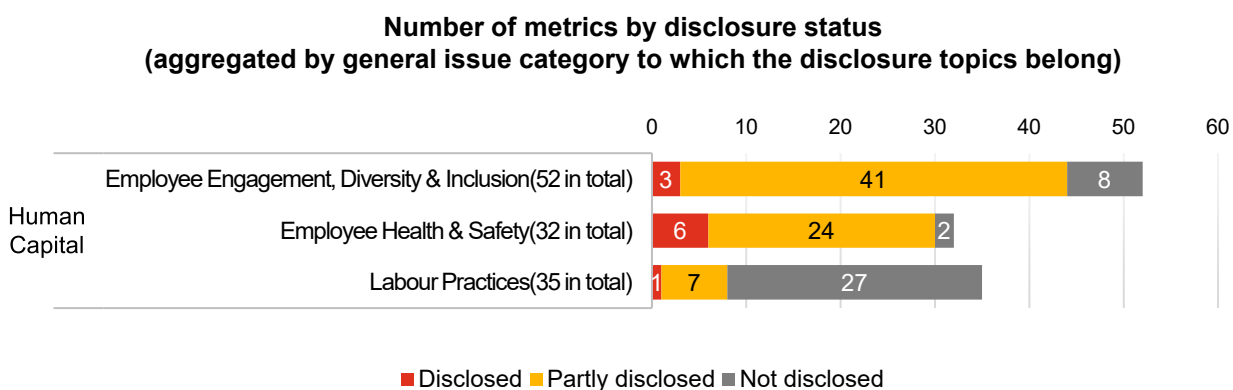
##### Key findings

- Concise summaries of the materiality of each general issue category, current disclosure trends among TOPIX 100 companies and directions for future improvement. These can serve as reference material for understanding the key points to consider for disclosures in each category.

##### Details

- Detailed guidance on the role of each metric, current disclosure trends and challenges, and approaches for applying standards, offering practical insights for companies preparing to align with the SSBJ Standards.

Note: The Human Capital categories identified as having the greatest potential for further use from the SASB Standards were selected based on the data shown below.



## Product Design & Lifecycle Management

This category is important for demonstrating a company's adaptability in managing the lifecycle environmental and social impacts of the products it sells or services it provides, and in integrating these considerations into its strategy and business model. It includes factors such as resource efficiency, waste reduction and recyclability, as well as ESG risk assessment in financing activities.

### Key findings

Disclosure status of metrics	Number of companies providing at least partial disclosure (Electrical & Electronic Equipment industry)	
	TOPIX 100 companies	Major European companies
<b>Product Lifecycle Management</b> – Percentage of products by revenue that contain IEC 62474 declarable substances (RT-EE-410a.1)	0 <sub>/6</sub>	2 <sub>/3</sub>
<b>Incorporation of Environmental, Social and Governance Factors in Credit Analysis</b> – Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis (FN-CB-410a.2)	0 <sub>/7</sub>	2 <sub>/3</sub>
	TOPIX 100 companies	Major European companies

- In the disclosures of TOPIX 100 companies in manufacturing and retail/distribution, there are cases where the share of sustainability-related products and services in their overall business is not quantified. In some cases, sustainability information on products and services is not aligned with financial reporting segments.
- To improve disclosures, it is important for companies to provide information that is consistent with their strategies for addressing environmental and social issues through their products and services. By reporting revenue from sustainability-related business activities or performance information by sales region, with clear definitions and classifications, companies can better align disclosures with their strategic approach. Specific information on ESG risk assessments and financed emissions is also needed to make disclosures more decision-useful.

### Details

- In some manufacturing and retail/distribution industries, challenges remain in disclosing how companies manage environmental and social impacts across the entire lifecycle of products and services, as well as in showing progress towards low-carbon products and circular business models. In the financial sector, it is important to disclose how ESG factors in investees are evaluated, how risks are integrated and how these are aligned with investment policies.

#### Industry-specific challenges

- Electrical & Electronic Equipment
  - For TOPIX 100 companies, while the importance of sustainability-related products and services is described, their revenues and revenue shares in overall portfolios are often not quantified. Reporting revenues and revenue shares is important for showing which business activities are vulnerable to sustainability risks and which are aligned with opportunities.
  - Without these figures, critical information may be missing on sustainability risks and opportunities. To explain the alignment between these risks and business models, it is important to show quantitatively how product and service portfolios are shifting towards sustainability, referencing SASB Standards metrics where appropriate.

(Continued on next page)

## Product Design & Lifecycle Management(cont.)

### Industry-specific challenges (cont.)

- Automobiles
  - In some financial reporting segments, including regions subject to emissions regulations, disclosures of fuel economy performance are absent.
  - The SSBJ Standards require the disclosure of information that enables users to understand the connections between sustainability-related financial disclosures and other financial statements. Where the connections are unclear, users may be unable to assess or compare regulatory compliance or transition risk, which may reduce the transparency of disclosures.
  - Companies may judge that differences with other regions are minor or not material and omit certain disclosures. However, supplementary explanations would help users assess the validity of such judgements.
- Commercial Banks, Insurance
  - > Descriptions of credit analysis or investment processes that incorporate ESG factors are often limited to general statements such as 'We consider ESG' or 'We promote sustainable investment'. Many lack clear disclosure of evaluation criteria, the basis for materiality judgements or how risk assessment results are reflected in investment policy.
  - > Disclosure of financed emissions (GHG emissions of investees) and information on assets exposed to climate risk (e.g. proportions by sector or asset type) are often limited to aggregate figures, simplified scope classifications or partial disclosure of target assets. As a result, users often cannot grasp the full risk profile or priority areas.
  - > In some leading practice cases, financed emissions are disclosed by asset class (e.g. bonds, equities) or sector, together with explanations of risk management policies. Supplementary guidance to the SSBJ Standards, referencing IFRS S2 Illustrative Guidance (\*10), also presents examples of disaggregated financed emissions disclosure in the asset management industry. This highlights the challenge of providing disclosures that allow users to understand the concentration of risks and the priorities for response.

### Opportunities for improvement

- Rather than disclosing metrics solely by geography or classification, companies should provide disclosures that emphasise the connections between strategy, risk management, metrics and targets. Disclosures should align with explanations of how companies address environmental and social issues through products and services, how they measure performance and how this informs decision-making.
- For quantitative information, it is important not only to present numbers but also to clarify the underlying evaluation criteria and management policies, thereby enhancing the decision-usefulness of disclosures.

\*10 IFRS Foundation, Illustrative Guidance on IFRS S2 Climate-related Disclosures, paragraphs IE25–IE38

## Product Quality & Safety

This category is important for demonstrating a company's quality management systems and its commitment to responsible operations through its response to risks related to product and service safety. Major recalls or health impacts from defects or safety issues can directly lead to financial losses such as reduced sales, litigation or reputational damage.

### Key findings

Disclosure status of metrics		Number of companies providing full disclosure (by industry)			
Product Safety — Number of recalls issued, total units recalled (TR-AU-250a.3, HC-BP-250a.3, HC-MS-250a.1, RT-EE-250a.1)	TOPIX 100 companies	Automobiles	Biotechnology & Pharmaceuticals	Medical Equipment & Supplies	Industrial Machinery & Goods
	Major European companies	3 <sub>/5</sub>	0 <sub>/7</sub>	0 <sub>/4</sub>	1 <sub>/6</sub>
		2 <sub>/3</sub>	0 <sub>/3</sub>	0 <sub>/2</sub>	0 <sub>/3</sub>

- Among TOPIX 100 companies, while some information is disclosed on the number of recalls or safety evaluations, the explanations often lack the criteria for determining significance, corrective actions taken or the governance structures in place. The lack of this information may result in insufficient transparency about how the disclosures are connected to risk management processes such as identification, assessment, response and monitoring, as required under the SSBJ Standards.
- To improve disclosures, companies are encouraged to present information consistent with their risk awareness and response measures. This means going beyond simply stating whether incidents or recalls have occurred to explaining their impact on management decisions and product strategy, describing regional safety measures and regulatory compliance systems, and outlining any corrective actions taken.

### Details

- Information required under the SASB Standards—such as the number of recalls, corrective actions and whether safety evaluations are conducted—is important as evidence of the effectiveness of management systems and demonstrates whether companies are responding appropriately to risks. In light of the SSBJ Standards, these disclosures should not simply be a listing of figures but should include explanations of their meaning and how they relate to management decisions and corporate strategy.
- In their disclosures, many TOPIX 100 companies only report the occurrence or number of recalls, without providing the SASB-required definition of a 'significant recall', descriptions of corrective actions or lines of responsibility. Reporting only the number of recalls leaves unclear their seriousness and whether corrective actions were taken, making it difficult for external users to assess the significance of quality risks or companies' response capabilities. If corrective actions are not indicated, users cannot assess the effectiveness of governance structures or recurrence-prevention measures, leading to a lack of transparency in risk management processes overall.
- Safety assessment results—such as New Car Assessment Programme (NCAP) ratings or listings in pharmaceutical safety and adverse events databases—are critical indicators of global quality management standards. However, many company disclosures are limited to information from a subset of regions. If safety assessment results are aligned only with regions such as Europe or North America, but not reconciled with the regional categories or reportable segments used in financial reporting, the status of product quality and regulatory responses in other markets remains unclear. As a result, users may find it difficult to see the relationship between product and service quality and safety risks and the financial reporting provided.

## Access & Affordability

This category addresses the risks and opportunities associated with improving access to essential products and services, such as pharmaceuticals and financial services, particularly for underserved markets and customer groups. Access initiatives are important not only from the perspective of risk—such as corporate social responsibility or reputation management—but also as opportunities with potential positive impacts on medium- to long-term financial performance.

### Key findings

#### Disclosure status of metrics

#### Financial Inclusion and Capacity Building

- Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers (FN-CB-240a.3)

#### Number of companies providing any disclosure (Commercial Banks industry)

TOPIX 100 companies

0 / 7

Major European companies

3 / 3

#### Access to Medicines

- List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP) (HC-BP-240a.2)

#### Number of companies providing any disclosure (Biotechnology & Pharmaceuticals industry)

TOPIX 100 companies

1 / 7

Major European companies

2 / 3

- Regarding access initiatives, TOPIX 100 companies often fail to provide adequate information on the positive financial aspects highlighted in the SASB Standards, such as reaching new markets and customer groups, product and service innovation or cross-sector partnerships.
- To improve disclosures, companies are encouraged to go beyond addressing corporate social responsibility and enhancing reputation, and provide reasoned explanations—supported by metrics under the SASB Standards—on how access initiatives create medium- to long-term financial benefits.

### Details

- Companies can use the metrics for disclosure topics in this category of the SASB Standards not only to address the prescribed items but also—as appropriate given their significance—as a basis for strengthening company-specific disclosures.
- The metric Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers (FN-CB-240a.3) is important in demonstrating how companies are responding to the needs of customer groups they have not traditionally served. In Japan, while bank account penetration is generally considered high, companies are encouraged to revisit financial inclusion issues and actively disclose their own initiatives to address the needs of diverse users—including youth, older adults and foreign nationals. These initiatives should ensure convenience and security (e.g. through mobile banking, fraud prevention, multilingual services).
- The WHO List of Prequalified Medicinal Products is a register of medicines whose quality, safety and efficacy have been verified by the World Health Organization. International organisations such as UNICEF use the list when procuring medicines in bulk for health programmes in developing countries. The SASB metric List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP) is important for demonstrating opportunities to expand access to a company's products, primarily in developing countries. By disclosing information on the status of regulatory approvals and use of its products in developing countries and elsewhere, as well as concrete initiatives and future outlook for expanding access, a company can provide effective disclosures that connect these issues to its broader strategy.



## Materials Sourcing & Efficiency

This category addresses the risks and opportunities associated with materials sourcing and efficiency. It is important for demonstrating a company's capacity to maintain a stable production of products and delivery of services by explaining the impacts of issues such as raw material shortages, rising prices and supplier-related challenges. This should also include the measures taken to address them, such as diversification of suppliers and reductions in material use.

### Key findings

#### Disclosure status of metrics

#### Materials Sourcing

—Description of the management of risks associated with the use of critical materials (TR-AU-440a.1, RT-CH-530a.1, RT-EE-440a.1)

**Number of companies providing full disclosure**  
(Automobiles, Chemicals, Electrical & Electronic Equipment industries)

TOPIX 100 companies

**1** /14

Major European companies

**6** /9

#### Materials Efficiency & Recycling

—Average recyclability of vehicles sold (TR-AU-440b.3)

**Number of companies providing full disclosure**  
(Automobiles industry)

TOPIX 100 companies

**1** /5

Major European companies

**2** /3

- Many TOPIX 100 companies provide disclosures limited to specific materials or initiatives, such as conflict minerals sourcing or plastic recycling.
- To improve disclosures, it is important to explain which materials present concentrated risks within the overall picture of materials sourcing. In some industries, disclosures should also be connected to overall sourcing practices and include quantitative information that represents leading practices in materials efficiency. For example, this could include performance data on the recovery and reuse of key components, as highlighted in good practice cases.

### Details

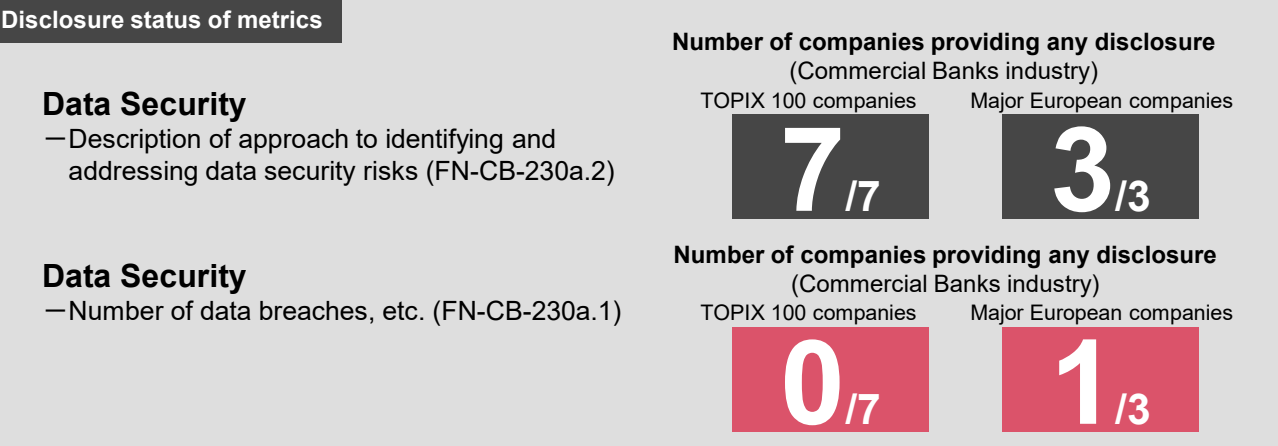
- For companies identifying Materials Sourcing and Efficiency as a material sustainability issue, it is important to disclose a comprehensive view of the risks posed by shortages of raw materials, rising prices and supplier management challenges. These risks include their potential to disrupt production and service delivery, reduce revenues and damage reputation. According to the SASB Standards, disclosures should indicate which materials concentrate risk and explain the company's initiatives to manage them.
- Many companies rely heavily on rare earth metals and other materials with few substitutes that are sourced from a small number of countries. The procurement of such materials can significantly affect corporate prospects. Beyond conflict minerals, companies are expected to describe their business-specific materials sourcing and explain their risk management approach to procurement risks.
- In addition, disclosures should show the connections between materials sourcing management and initiatives to improve materials efficiency. These may include measures such as material reuse, reductions in material consumption, maximising resource efficiency in manufacturing and the development of substitute materials (\*11). Effective disclosure should also provide a comprehensive and quantitative view of efficiency initiatives, including recovery and reuse of key components, as seen in some TOPIX 100 companies' disclosures (for example, recovery and refurbishment of industrial machinery engines).

\*11 IFRS Foundation, Materiality Finder, <https://sasb.ifrs.org/standards/materiality-finder/find/?industry%5B0%5D=RT-EE> (Accessed on 24 June 2025)

Data Security

This category is important for demonstrating a company’s ability to address security risks related to breaches of customer data and to vulnerabilities in its products, as well as its capacity to provide secure products. Unauthorised access to customer data or breaches arising from vulnerabilities in internet-connected products or cloud services can undermine corporate credibility. At the same time, effective countermeasures can enhance reputation, making this a disclosure area with both risks and opportunities.

Key findings



- Among TOPIX 100 companies, many disclosures were limited to general policies such as ‘consideration for customer information security’, without concrete descriptions of management systems including risk monitoring, identification and evaluation. None of the companies surveyed disclosed the number of data breaches. Few companies disclosed information on product security, and as a result, no meaningful insights could be drawn about how information technology threats affect product development or sales planning.
- To improve disclosures, companies are encouraged to provide specific explanations of anticipated risks and their management methods, while taking care not to compromise security, thereby demonstrating their capacity to safeguard data effectively.

Details

- With the spread of mobile banking, cloud storage, electronic payments and IoT, data security has become a critical issue in the SASB Standards across many industries. If the disclosure of data security controls is lacking in specificity, the risk management process cannot be assessed and may be considered inadequate. Conversely, if companies are able to disclose how they identify and address data security risks—for example, through operational risk management procedures or employee training—such disclosures can demonstrate their ability to proactively manage uncertainty.
- Disclosure of actual breach numbers provides information about how companies recognise and respond to risks. It is essential to disclose such incidents as a matter of accountability, but even in the absence of breaches, disclosing incidents serves as an important indicator of smooth business operations and aligns with the intent of the SASB Standards.
- Only a small number of surveyed companies disclosed vulnerabilities and related security measures across the product lifecycle (design, manufacturing supply chains, sales and customer use). However, demonstrating a structured product security management system can support opportunities such as increased sales, expanded market share or winning public contracts.
- Companies may hesitate to disclose details of security management systems for fear of compromising their own security, but the SASB Standards call for disclosures to the extent that they are consistent with maintaining security. Companies are therefore encouraged to expand disclosures while taking their security needs into account.

## Addendum: Employee Engagement, Diversity & Inclusion

- Even among Human Capital general issue categories not examined in detail in Section 2—such as this category of Employee Engagement, Diversity & Inclusion—the SASB Standards can be effectively applied to enhance disclosures.

This category, within the Human Capital dimension, focuses on a company's ability to manage workforce diversity and inclusion through its culture, practices and systems. It is important both for demonstrating the ability to respond to diversity within and outside the organisation (e.g. market and customer preferences and needs, employee gender, nationality and skills) and demonstrating that the organisation is fulfilling its social responsibility.

### Key findings

#### Disclosure status of metrics

#### Workforce Diversity & Inclusion

- Percentage of gender and diversity group representation (TC-HW-330a.1, CG-MR-330a.1, SV-PS-330a.1, TC-SI-330a.3)

**Number of companies providing full disclosure**  
(Hardware, Multiline and Specialty Retailers & Distributors, Professional & Commercial Services, Software & IT Services industries)

0/17

#### Recruiting & Managing a Global, Skilled Workforce

- Percentage of employees that require a work visa (TC-SC-330a.1, TC-SI-330a.1)

**Number of companies providing full disclosure**  
(Semiconductors, Software & IT Services industries)

0/6

- Among TOPIX 100 companies, the relationship between workforce diversity-related disclosures and human capital strategies is often unclear. Even in industries believed to rely heavily on foreign talent acquisition, the disclosure of metrics related to work authorisation remains limited, creating potential gaps in understanding the implications of foreign talent acquisition for business operations.
- To improve disclosures, companies are encouraged to specify which aspects of diversity (e.g. gender, nationality, age, disability status) they are focusing on and for what purpose, and then provide quantitative data accordingly.

### Details

- While there has been progress in disclosures of the percentage of women and foreign nationals in management positions, as required under regulations such as Cabinet Office orders on corporate disclosures and the Corporate Governance Code, in many cases, disclosures remain boilerplate and lack company-specific detail. For attributes other than gender and nationality, qualitative descriptions tend to outweigh quantitative disclosure, making it difficult to discern the intent of corporate human capital strategies. Companies are therefore encouraged to set policies and human capital strategies connected to their business operations and disclose metrics consistent with those strategies, thereby clarifying the connection between diversity initiatives and the workforce profile.
- This category also includes disclosure topics that focus not only on employee inclusion but also on talent acquisition and management. For example, in industries such as Semiconductors and Software & IT Services, metrics include the percentage of employees requiring work visas and the risks associated with their recruitment. For companies where securing global talent is a material sustainability issue, these metrics can provide evidence of workforce status and potential compliance risks, while also helping explain the impact on strategy and decision-making.

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